



GAIL FARBER, Director

## COUNTY OF LOS ANGELES DEPARTMENT OF PUBLIC WORKS

*"To Enrich Lives Through Effective and Caring Service"*

900 SOUTH FREMONT AVENUE  
ALHAMBRA, CALIFORNIA 91803-1331

<http://dpw.lacounty.gov>

ADDRESS ALL CORRESPONDENCE TO:  
P.O. BOX 1460  
ALHAMBRA, CALIFORNIA 91802-1460

November 25, 2014

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, California 90012

### ADOPTED

BOARD OF SUPERVISORS  
COUNTY OF LOS ANGELES

#1

November 25, 2014

*Sachi A. Hamai*  
SACHI A. HAMAI  
EXECUTIVE OFFICER

Dear Supervisors:

**LOS ANGELES COUNTY WATERWORKS DISTRICTS AND THE  
MARINA DEL REY WATER SYSTEM - AUTOMATIC ANNUAL  
PASS-THROUGH RATE ADJUSTMENTS FOR A 5-YEAR PERIOD  
(SUPERVISORIAL DISTRICTS 3, 4, AND 5)  
(3 VOTES)**

**SUBJECT**

This action is to adopt a resolution authorizing the Director of Public Works or her designee to adjust the water rates annually over a 5-year period to pass-through cost increases due to inflation and/or the cost of purchasing water from the wholesale water agencies serving the Los Angeles County Waterworks Districts and the Marina del Rey Water System and to implement the pass-through adjustment for calendar year 2015.

**IT IS RECOMMENDED THAT THE BOARD, AFTER THE PUBLIC HEARING, ACTING AS THE GOVERNING BODY OF THE LOS ANGELES COUNTY WATERWORKS DISTRICTS AND THE MARINA DEL REY WATER SYSTEM:**

1. Make a determination that no majority written protest against the proposed plan exists. If there is a majority protest, to take no further action and refer the matter back to the Department of Public Works.
2. Adopt the resolution authorizing the Director of Public Works or her designee to adjust the water rates annually over a 5-year period to pass-through cost increases due to inflation and/or the cost of purchasing water from the wholesale water agencies serving the Los Angeles County Waterworks Districts and the Marina del Rey Water System and to adjust the water rates for calendar year 2015 to pass-through inflation, as measured by the Consumer Price Index and wholesale water cost

increases from the agencies serving the Los Angeles County Waterworks Districts and the Marina del Rey Water System.

3. Authorize the Director of Public Works or her designee to amend the Rules and Regulations of the Los Angeles County Waterworks Districts and the Marina del Rey Water System to adjust the water rates annually over a 5-year period to offset the cost increases due to inflation and/or the cost of purchasing water from the wholesale water agencies for the Los Angeles County Waterworks Districts and the Marina del Rey Water System and to implement the water rate changes effective 30 days after adjustment notices are sent to customers.

4. Find that the purpose of adjustments to the water rates shown in the Rules and Regulations of the Los Angeles County Waterworks Districts and the Marina del Rey Water System are to meet the operating expenses necessary to maintain service within existing service areas and, therefore, are statutorily exempt from the California Environmental Quality Act.

### **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

The purpose of the recommended action is to adjust water rates to offset inflation as determined by the Consumer Price Index for the areas of Los Angeles, Riverside, and Orange Counties and wholesale water cost increases adopted by wholesale water agencies (Antelope Valley-East Kern Water Agency, Los Angeles Department of Water and Power, Castaic Lake Water Agency, and West Basin Municipal Water District), which serve the Los Angeles County Waterworks Districts and the Marina del Rey Water System. This proposed pass-through rate increase is consistent with the requirements of Assembly Bill 3030, which was approved in September 2008. The bill allows water utilities to pass-through increases due to inflation and wholesale water rates. It also requires water utilities to conduct Proposition 218 notices and public hearings at least once every 5 years.

Currently, the Rules and Regulations of the Los Angeles County Waterworks Districts and the Marina del Rey Water System (Rules and Regulations) allow the Waterworks Districts to annually review water rates and make a recommendation to the Board for water rate adjustments.

The Consumer Price Index for the areas of Los Angeles, Riverside, and Orange Counties for the period of August 2013 to August 2014 increased by 1.8 percent.

Public Works' Chief Financial Officer and the Auditor-Controller reviewed the Waterworks Districts' rates and determined the needed pass-through adjustments are as follows: 3.7 percent in Waterworks District No. 21, Kagel Canyon; 3.4 percent in Waterworks District No. 29, Malibu; 2.4 percent in Waterworks District No. 36, Val Verde; 3.9 percent in Waterworks District No. 37, Acton; 5.0 percent in Waterworks District No. 40, Antelope Valley; and 4.6 percent in Marina del Rey for calendar year 2015. These proposed adjustments are shown on Enclosure B, the notice that was sent to all customers.

### **Implementation of Strategic Plan Goals**

The Countywide Strategic Plan directs the provision of Operational Effectiveness/Fiscal Sustainability (Goal 1) by providing sufficient funds to offset increases in wholesale water charges and inflation to maintain reliable delivery of water service to County residents within the Waterworks Districts.

### **FISCAL IMPACT/FINANCING**

There will be no impact to the County General Fund.

The current cost to notify the Waterworks Districts' customers of the water rate adjustments is estimated to be \$40,000 annually and will continue during the 5 years contemplated by this action. However, approximately \$100,000 savings over 5 years will result from this action by consolidating the annual public hearings into one public hearing every 5 years. The cost of the notices will be paid from all the Waterworks Districts' General Funds. The rate adjustments will become effective January 1 of each calendar year for 5 years, beginning January 1, 2015.

This action will generate the required annual revenue to pay for the increased cost of wholesale water and inflation over the next 5 calendar years.

### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

The Board is authorized to increase the water rates, surcharges, and water supply charges pursuant to Section 55501 of the County Waterworks District Law, Water Code Sections 65000, et. seq. Adoption of this resolution (Enclosure A) will allow periodic revisions to the Waterworks Districts' Rules and Regulations adopted pursuant to Section 55333 of the Waterworks Districts' Law.

Section 53756 of the California Government Code states that "An agency providing water, sewer, or refuse collection service may adopt a schedule of fees or charges authorizing automatic adjustments that pass through increases in wholesale charges for water or adjustments for inflation..." In order to do this, the Waterworks Districts must adopt a clearly defined formula for adjusting for inflation and for passing through wholesale charges for water. Subdivision (b) of Section 53753 of the Government Code requires notice to be provided by mail of the date, time, and location of the public hearing on the proposed pass-through increases 45 days in advanced of the public hearing. A notice of any adjustment is also required pursuant to Subdivision (a) of Section 53755 of the Government Code within 30 days before the effective date of the adjustment. A notice (Enclosure B) fulfilling both notice requirements was mailed to all customers of the Waterworks Districts 45 days prior to the public hearing. The notice also includes an estimate of the average bi-monthly bill amount after 5 years as required by the Government Code.

Consistent with the requirements of Section 66016 of the Government Code, the actions described herein may only be ordered after a public hearing. Sections 66018 and 6062a of the Government Code also require that a notice of hearing be mailed to all interested parties who file a written request for such and that a notice of the time and place of the hearing be published two times in a newspaper of general circulation within a 10-day period with at least 5 intervening days. Enclosed are the instructions for publishing the legal advertisements (Enclosure C) and the newspaper notice (Enclosure D).

Wholesale water rate increases for calendar years 2015-2019 will be passed through to the Waterworks Districts' customers in accordance with Government Code Section 53756. The pass-through cost increase for inflation is based on the Consumer Price Index as published by the United States Department of Labor, Bureau of Labor Statistics, for the areas of Los Angeles, Riverside, and Orange Counties.

### **ENVIRONMENTAL DOCUMENTATION**

These actions and the resolution, amending the Rules and Regulations, are to fund operating expenses and, therefore, are exempt from the California Environmental Quality Act pursuant to

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Section 21080(b)(8) of the Public Resources Code and Section 15273(a) of the State of California Environmental Quality Act Guidelines.

**IMPACT ON CURRENT SERVICES (OR PROJECTS)**

There will be no impact on current County services or projects as a result of this action.

**CONCLUSION**

Please return one adopted copy of this letter and one signed original of the resolution to the Department of Public Works, Waterworks Division.

Respectfully submitted,

A handwritten signature in black ink that reads "Gail Farber". The script is cursive and fluid.

GAIL FARBER

Director

GF:AA:dvt

Enclosures

c: Chief Executive Office (Rita Robinson)  
County Counsel  
Executive Office

## **ENCLOSURE A**

### **A RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES, CALIFORNIA, AUTHORIZING THE DIRECTOR OF PUBLIC WORKS OR HER DESIGNEE TO ADJUST THE WATER RATES ANNUALLY OVER A 5-YEAR PERIOD FOR THE LOS ANGELES COUNTY WATERWORKS DISTRICTS AND THE MARINA DEL REY WATER SYSTEM**

WHEREAS, the Los Angeles County Waterworks Districts and the Marina del Rey Water System; (hereinafter referred to as WATERWORKS DISTRICTS) provide potable water service to customers located within the Cities of Malibu, Lancaster, and Palmdale and within the unincorporated communities of Kagel Canyon, Marina del Rey, Topanga Canyon, Castaic, Acton, Pearblossom, Littlerock, Rock Creek, and Lake Los Angeles; and

WHEREAS, the Los Angeles County Board of Supervisors as the governing body of the WATERWORKS DISTRICTS pursuant to Section 55501 of the Waterworks Districts' Law, Water Code, is authorized to increase the water rates, surcharges, and water supply charges as adopted in the Rules and Regulations of the Los Angeles County Waterworks Districts and the Marina del Rey Water System pursuant to Section 55333; and

WHEREAS, the Rules and Regulations of the Los Angeles County Waterworks Districts and the Marina del Rey Water System require the District Engineer to annually review the water rate schedules and make recommendations to the Board of Supervisors for water rate adjustments; and

WHEREAS, the WATERWORKS DISTRICTS purchase wholesale water from water wholesalers (Antelope Valley-East Kern Water Agency, Los Angeles Department of Water and Power, Castaic Lake Water Agency, and West Basin Municipal Water District) as needed; and

WHEREAS, the WATERWORKS DISTRICTS' retail price of water is partially dependent, in part, upon the WATERWORKS DISTRICTS' cost of the purchase of wholesale water; and

WHEREAS, the WATERWORKS DISTRICTS' expenditures are affected by inflation in the form of increases to labor, power, materials, equipment, service, and leasing contract costs; and

WHEREAS, it is the intent of the WATERWORKS DISTRICTS to pass-through inflation as measured by the Consumer Price Index and to pass-through wholesale water charge increases to its retail customers; and

WHEREAS, Section 53756 of the California Government Code states that "An agency providing water, sewer, or refuse collection service may adopt a schedule of fees or charges authorizing automatic adjustments that pass through increases in wholesale charges for water or adjustments for inflation..."; and

WHEREAS, Section 53756 of the California Government Code indicates that to pass through these inflationary costs increases, the agency must adopt a clearly defined formula for adjusting for inflation and for passing through wholesale charges for water; and

WHEREAS, the WATERWORKS DISTRICTS will use the inflation rate as determined by the Consumer Price Index for the areas of Los Angeles, Riverside, and Orange Counties; and

WHEREAS, the WATERWORKS DISTRICTS will use the individual annual wholesale increase in price charged to the WATERWORKS DISTRICTS by the Antelope Valley-East Kern Water Agency, Los Angeles Department of Water and Power, Castaic Lake Water Agency, and West Basin Municipal Water District, for the pass through wholesale charges for water; and

WHEREAS, Section 53756 of the California Government Code also requires the water agency to send notices to its customers informing them of each rate adjustment no less than 30 days before the effective date of each water rate adjustment; and

WHEREAS, it is the intent of the WATERWORKS DISTRICTS to pass through wholesale water charge increases and inflation increases during a 5-year period.

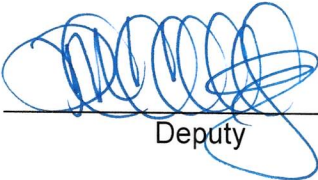
NOW, THEREFORE, BE IT RESOLVED, that the Board of Supervisors of the County of Los Angeles, as the governing body of the WATERWORKS DISTRICTS, does hereby authorize the Director of Public Works or her designee to adjust the water rates annually for the 5-year period to pass-through cost increases due to increases in wholesale water charges and inflation to become effective 30 days after adjustment notices are sent to customers.

[illegible]

The foregoing Resolution was on the 25th day of November, 2014, adopted by the Board of Supervisors of the County of Los Angeles as the governing body of the Los Angeles County Waterworks Districts and the Marina del Rey Water System.




SACHI A. HAMAI  
Executive Officer of the  
Board of Supervisors of  
the County of Los Angeles

By  Deputy

APPROVED AS TO FORM:

MARK J. SALADINO  
County Counsel

By  Deputy

ENCLOSURE B

NOTICE OF PUBLIC HEARING AND  
NOTICE OF A PROPOSED WATER RATE INCREASE FOR PASS-THROUGH  
ANNUAL ADJUSTMENTS IN WATER RATES AND FEES  
OVER A 5-YEAR PERIOD FOR THE  
LOS ANGELES COUNTY WATERWORKS DISTRICTS AND MARINA DEL REY WATER SYSTEM

The Los Angeles County Board of Supervisors, acting as the Governing Body of the Los Angeles County Waterworks Districts, will be holding a public hearing on November 25, 2014, to consider a pass-through water rate adjustment for the Waterworks Districts and the Marina del Rey Water System. This action is in accordance with California Government Code Section 53756 that authorizes retail water utilities to annually adjust customer water rates and fees to pass-through increases in wholesale water rates by wholesale water agencies and inflation as determined by the United States Department of Labor, Bureau of Labor Statistics, for the Los Angeles–Riverside–Orange County areas. The hearing will cover a 5-year period to eliminate unnecessary yearly hearings and save the Waterworks Districts time and approximately \$100,000 over the period.

Customers are receiving this written notification of the proposed increase no less than 45 days before the public hearing for the current year's rate increase, where the Board of Supervisors, acting as the Board of Directors for the Waterworks Districts, will also consider the streamlined pass-through rate adjustment process, where customers will receive no less than 30 days notice before the effective date of each subsequent annual adjustment informing them of the adjustment amount, if approved by the Board of Supervisors.

**Description of Proposed Rate Plan:** The table below shows an example of typical adjustments to water bill amounts based on average bi-monthly consumption, reflecting the effective percent increase for 2015, the remaining approved general rate increases in each Waterworks District (if applicable), and an estimated 3 percent pass-through increase per year for the remaining 4 years of adjustments. This table is for illustration purposes only and future actual rate adjustments may be different.

This Table is for Illustration Purposes Only

Waterworks District Service Area	Current Bi-Monthly Water Bill For Average Use	2015 Adjustment (Effective % Increase = pass-through + general rate increases )	Year 2015 Adjustment (effective)	Estimated Average Bi-Monthly Bill After 5 Years (estimated pass-through + previously approved general rate increases)
21, Kagel Canyon*	\$125.72	3.7%	\$4.65	\$146.73
29, Malibu	\$551.92	8.6%	\$47.46	\$744.44
36, Val Verde	\$164.24	5.8%	\$9.53	\$209.10
37, Acton	\$149.43	10.0%	\$14.94	\$195.94
40, Antelope Valley*	\$117.16	5.0%	\$5.86	\$138.46
Marina del Rey	\$1,610.22	7.6%	\$122.38	\$2,065.30

\*District No. 21, Kagel Canyon & District No. 40, Antelope Valley do not currently have a pre-existing general rate increase being implemented during the proposed 5-year, pass-through period. Therefore this Table only reflects the pass-through rate increases and existing general rate increases. If any general rate increases for any district are proposed in the future, those proposed rates will be separately noticed.

**Public Hearing:** The Board of Supervisors has scheduled a public hearing to consider any protests on this matter for **November 25, 2014, at 9:30 a.m.**, in the Hearing Room of the Board of Supervisors, Room 381, Kenneth Hahn Hall of Administration, 500 West Temple Street (corner of Temple Street and Grand Avenue), Los Angeles, California 90012. At the public hearing, the Board of Supervisors will consider all protests against the proposed fee or charge. If written protests against this matter are presented by a majority of the owners of parcels receiving service, the Waterworks Districts will not impose the annual pass-through adjustments. Notice of the public hearing will be published in a local newspaper during the 2 weeks preceding the date of the hearing. Written comments must be received prior to the conclusion of the above public hearing. Send written comments to the Los Angeles County Department of Public Works, Waterworks Division, 900 South Fremont Avenue, Alhambra, California 91803-1331.



Upon 72 hours notice, the Waterworks Districts can provide program information and publication in alternate formats or make other accommodations for people with disabilities. In addition, program documents are available at our main office in Alhambra (900 South Fremont Avenue), which is accessible to individuals with disabilities. To request accommodations ONLY, or for more Americans with Disabilities Act (ADA) information, please contact our ADA Coordinator at (626) 458-4081 or Telecommunication Device for the Deaf at (626) 282-7829, Monday through Thursday, from 7 a.m. to 5:30 p.m.

Si no entiende está noticia ó si necesita mas información, favor de llamar al numero (626) 300-3384.



## **ENCLOSURE C**

### **INSTRUCTION SHEET FOR PUBLISHING LEGAL ADVERTISEMENTS**

TO: Executive Officer  
Board of Supervisors  
County of Los Angeles

FROM: Department of Public Works  
Waterworks Division

### **NOTICE OF HEARING ANNUAL PASS-THROUGH WATER RATE ADJUSTMENTS**

That the Executive Officer of the Board of Supervisors shall cause notice of the public hearing, in the form and manner specified in Sections 66016 and 6062a of the Government Code, to be published once a week for 2 consecutive weeks in the *Los Angeles Times*, *Malibu Times*, *Argonaut*, *The Signal*, *Antelope Valley Press*, and the *Acton-Aqua Dulce News*, local newspapers published and circulated in affected communities, which is hereby designated for that purpose, such publication to be completed not less than 10 days prior to the date of said hearing.

Forward five reprints of the attached advertisement to the County of Los Angeles Department of Public Works, Waterworks Division, Post Office Box 1460, Alhambra, California 91802-1460.

Should there be any questions regarding this matter, please contact Kirk Allen of this office at (626) 300-3389, Monday through Thursday, 7:00 a.m. to 5:15 p.m.

DR:dvt  
RATE ADJUSTMENT ENC C

Attach.

## **ENCLOSURE D**

### **NEWSPAPER NOTICE OF PUBLIC HEARING FOR AUTOMATIC ANNUAL PASS-THROUGH WATER RATE ADJUSTMENTS FOR THE LOS ANGELES COUNTY WATERWORKS DISTRICTS AND THE MARINA DEL REY WATER SYSTEM**

The Los Angeles County Board of Supervisors will hold a public hearing on November 25, 2014, at 9:30 a.m., in the Hearing Room of the Board of Supervisors, Room 381, Kenneth Hahn Hall of Administration, 500 West Temple Street (corner of Temple Street and Grand Avenue), Los Angeles, California 90012, in the matter of authorizing the Director of Public Works or her designee to adjust water rates annually over a 5-year period to pass-through cost increases due to inflation and/or the cost of purchasing water from the wholesale water agencies serving the Los Angeles County Waterworks Districts and the Marina del Rey Water System.

The purpose of the rate plan is to adjust water rates to offset inflation and wholesale water cost increases adopted by the wholesale agencies serving the Los Angeles County Waterworks Districts and the Marina del Rey Water System.

The Board of Supervisors will consider and may approve these actions as recommended by the Director of Public Works. For information on water rates for specific service areas or for any other information regarding this matter, please call (626) 300-3389.

Information regarding the water rate plan will be available 10 days prior to the date of the public hearing.

Para mas informacion relacionada con esta noticia, por favor llame (626) 300-3384. Nuestra horas de oficina son de 7 a.m. a 5:45 p.m., de lunes a jueves.